

**SEVIER COUNTY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners  
Sevier County  
Richfield, Utah 84701

We have audited the accompanying basic financial statements of Sevier County as of and for the year ended December 31, 2001, as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

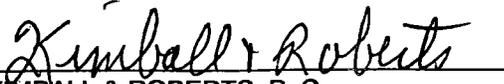
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Sevier County at December 31, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, budgetary comparison schedules, and condition assessment of the County's infrastructure are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2002, on our consideration of Sevier County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Sevier County taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Sevier County. Such information has been subjected to the same auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

July 10, 2002  
Richfield, Utah

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Sevier County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2001. This report is in conjunction with the County's financial statements. All amounts, unless otherwise indicated, are expressed in **thousands of dollars**.

The purpose of the County is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

### Financial Highlights

- ◆ The assets of Sevier County exceeded its liabilities as of the close of the most recent year by \$42,734 (*net assets*). Of this amount, \$7,064 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased by \$876. The revenues and expenditures were less than the adopted budgeted amounts.
- ◆ At the close of the current year, the Sevier County governmental funds reported combined ending fund balances of \$14,853, an increase of \$4,642 in comparison with the prior year. Approximately 42 percent of this total amount, \$6,291 is available for spending at the government's discretion (*unreserved fund balance*).
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$2,635, or 38 percent of total general fund expenditures.
- ◆ Sevier County's total debt increased by \$7,551 during the current year due to general obligation bonds issued during 2001.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Sevier County's basic financial statements. Sevier County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Sevier County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Sevier County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Sevier County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Sevier County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Sevier County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activity of Sevier County is the landfill operation.

The government-wide financial statements include not only Sevier County itself (known as the primary government), but also two legally separate special service districts, one for highways and bridges and the other for economic development, for which Sevier County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Landfill operations for all practical purposes function as a department of Sevier County, and therefore has been included as an integral part of the primary government.

Refer to the table of contents for the location of the government-wide financial statements.

#### **Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Sevier County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Sevier County can be divided into three categories: governmental funds, enterprise funds, and fiduciary funds.

#### **Governmental funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and

changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Sevier County maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, public health fund, B-Road fund and capital projects fund all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Sevier County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

#### **Proprietary funds**

Sevier County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Sevier County uses an enterprise fund to account for its landfill operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the landfill, which is considered to be a major fund of Sevier County.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

#### **Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Sevier County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

## Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Sevier County.

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

### Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sevier County, assets exceeded liabilities by \$42,734 at the close of the most recent fiscal year.

By far the largest portion of Sevier County's net assets (63 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Sevier County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Sevier County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Sevier County's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Current and other assets	15,302	10,847	946	777	16,248	11,623
Capital assets	41,817	37,969	982	1,206	42,799	39,175
Total assets	<u>57,119</u>	<u>48,816</u>	<u>1,928</u>	<u>1,983</u>	<u>59,047</u>	<u>50,798</u>
Long-term Liabilities outstanding	14,523	6,925	1,117	1,220	15,692	8,145
Other liabilities	585	755	88	40	621	795
Total liabilities	<u>15,108</u>	<u>7,680</u>	<u>1,205</u>	<u>1,260</u>	<u>16,313</u>	<u>8,940</u>
Net Assets:						
Invested in capital assets, net of related debt	27,217	30,986	(187)	(14)	27,030	30,972
Restricted	8,562	2,315	78	73	8,640	2,388
Unrestricted	6,232	7,834	832	664	7,064	8,498
Total net assets	<u>42,011</u>	<u>41,135</u>	<u>723</u>	<u>723</u>	<u>42,734</u>	<u>41,858</u>

A portion of Sevier County's net assets (20 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$7,064) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Sevier County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

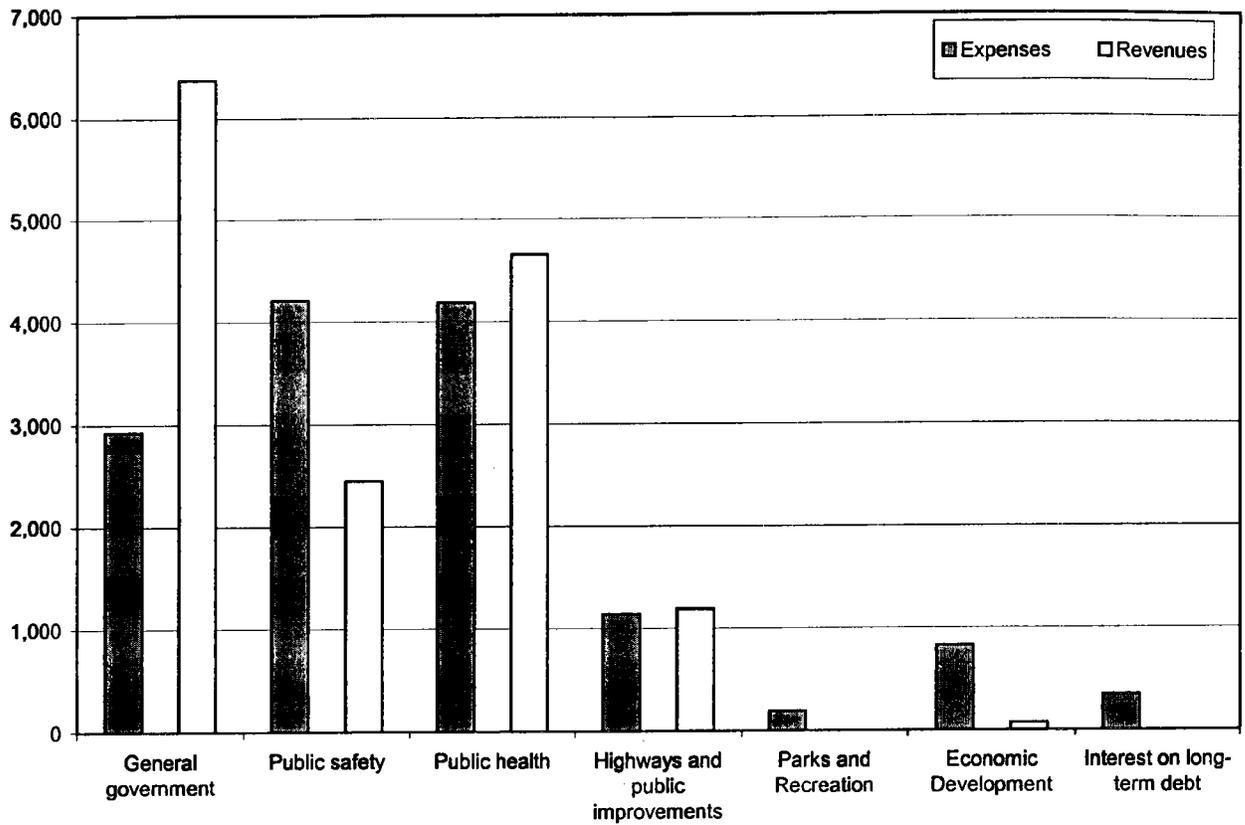
**Governmental activities**

Governmental activities increased Sevier County's net assets by \$876. Key elements of this increase are as follows:

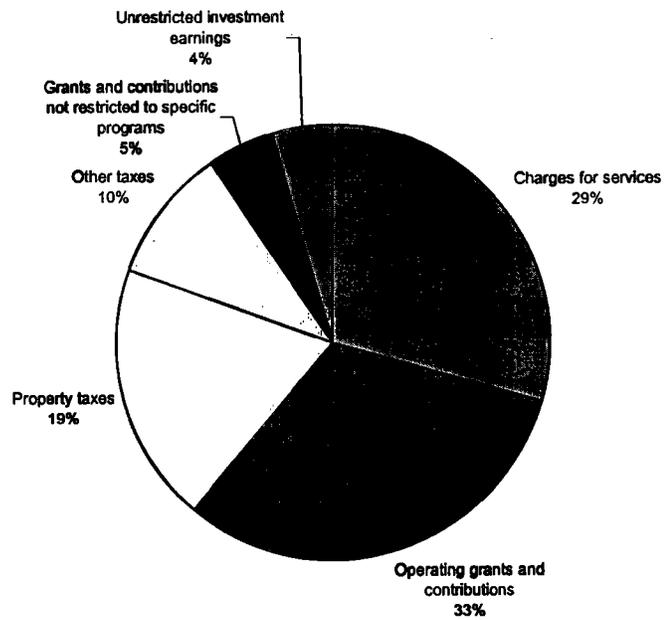
**Sevier County's Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues:						
Program Revenues:						
Charges for services	4,327	3,630	589	607	4,916	4,237
Operating grants and contributions	4,663	5,010			4,663	5,010
General revenues:						
Property taxes	3,118	2,454			3,118	2,454
Other taxes	1,218	1,226			1,218	1,226
Grants and contributions not restricted to specific programs	771	518			771	518
Unrestricted investment earnings	635	603			635	603
Other	0	9			0	9
Total revenues	<u>14,732</u>	<u>13,450</u>	<u>589</u>	<u>607</u>	<u>15,321</u>	<u>14,057</u>
Expenses:						
General government	2,929	1,958			2,929	1,958
Public safety	4,208	3,700			4,208	3,700
Public health	4,186	4,218			4,186	4,218
Highways and public improvements	1,141	416			1,141	416
Parks and Recreation	191	173			191	173
Economic Development	832	239			832	239
Interest on long-term debt	344	352			344	352
Landfill			614	498	614	498
Total expenses	<u>13,831</u>	<u>11,056</u>	<u>614</u>	<u>498</u>	<u>14,445</u>	<u>11,554</u>
Increase in net assets before transfers	901	2,394	(25)	109	876	2,503
Transfers	(25)	(36)	25	36	0	0
Increase in net assets	876	2,358	0	145	876	2,503
Net assets – beginning	<u>41,135</u>	<u>38,777</u>	<u>723</u>	<u>578</u>	<u>41,858</u>	<u>39,355</u>
Net assets – ending	<u>42,011</u>	<u>41,135</u>	<u>723</u>	<u>723</u>	<u>42,734</u>	<u>41,858</u>

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



- ◆ Charges for services increased by \$697 due to accrual of ambulance fee receivables of \$458 or 66 percent of the increase.
- ◆ Operating grants decreased by \$347 due mainly to a decrease in B road funding of \$207 or 60 percent, and a decrease in public health by \$145 or 42 percent. In combination, these two account for the change with a slight increase in other areas.
- ◆ Property taxes increased by \$664 due to a judgement levy to repay refunds of prior year taxes on state assessed property tax appeals.
- ◆ Grants and contributions increased by \$253 due to an increase in the federal PILT (payment in-lieu of taxes) funding.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Two noteworthy exceptions, however, were Sevier County's general government, which increased by \$971 mostly due to the payment of a refund of prior years' taxes, and an increase in economic development of \$593 due to Sevier County's participation in a new multi-events center.

#### **Business-type activities**

Business-type activities remained constant resulting in no increase or decrease of net assets for the year.

#### **Financial Analysis of the Government's Funds**

As noted earlier, Sevier County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental funds**

The focus of Sevier County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Sevier County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Sevier County's governmental funds reported combined ending fund balances of \$14,853, an increase of \$4,642 in comparison with the prior year. Approximately 42 percent of this amount (\$6,291) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to highways and public improvements (\$1,574), 2) to drug enforcement (\$763), 3) scholarships (\$2), and 4) Construction commitments (\$6,223).

The general fund is the chief operating fund of Sevier County. At the end of the current year, *unreserved fund balance* of the general fund was \$2,635, while total fund balance reached \$3,400. As a measure of the general fund's liquidity, it may be useful to compare both *unreserved fund balance* and total fund balance to total fund expenditures. *Unreserved fund balance* represents 38 percent of total general fund expenditures, while total fund balance represents 49 percent of that same amount.

### **Proprietary funds**

Sevier County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the landfill at the end of the year amounted to \$832.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of \$821 can be briefly summarized as follows:

- ◆ \$803 increase in general government
- ◆ \$10 increase in public safety
- ◆ \$7 increase in health and public welfare
- ◆ \$1 increase in parks and recreation

This increase of \$821 was funded with an increase of general property taxes. During the year, however, actual revenues were less than budgeted revenues by \$278, and actual expenditures were less than budgeted expenditures by \$782 resulting in a net increase in fund balance of \$504.

### **Capital Asset and Debt Administration**

#### **Capital assets**

Sevier County's investment in capital assets for its governmental activities as of December 31, 2001, amounts to \$41,816 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways, bridges and construction in progress. The total increase in Sevier County's investment in capital assets for the current year was \$3,848.

Major capital asset events during the current year included the following:

- ◆ Equipment purchases of \$575, and dispositions of \$631.
- ◆ Construction in progress amounted to \$4,159.

Also, the county has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements.

**Sevier County's Capital Assets**  
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Land	1,524	1,524			1,524	1,524
Infrastructure	24,029	24,029			24,029	24,029
Buildings	9,634	9,890	260	265	9,894	10,155
Improvements other than buildings	820	851	334	359	1,154	1,210
Equipment	1,650	1,674	388	583	2,038	2,257
Construction in Progress	4,159				4,159	
Total	<u>41,816</u>	<u>37,968</u>	<u>982</u>	<u>1,207</u>	<u>42,798</u>	<u>39,175</u>

Additional information on Sevier County's capital assets can be found in the notes to the financial statements.

**Long-term debt**

At the end of the current year, Sevier County had total bonded debt outstanding of \$15,634. The debt represents both general obligation bonds and revenue bonds secured solely by specified revenue sources (i.e. revenue bonds).

**Sevier County's Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenue Bonds	6,465	6,863	1,169	1,220	7,634	8,083
G. O. Bonds	8,000				8,000	
Total	<u>14,465</u>	<u>6,863</u>	<u>1,169</u>	<u>1,220</u>	<u>15,634</u>	<u>8,083</u>

A general obligation bond election was held in November 2000 for the purpose of building a Multi-Events Center in conjunction with Snow College South and the Sevier School District. The total amount of the bonds was \$8,000, \$4,000 being series A bonds and \$4,000 being series B bonds. The bonds were issued in 2001.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total fair market value of taxable property in the county. The current debt limitation for Sevier County is \$10,951. Sevier County has general obligation debt of \$8,000.

Additional information on Sevier County's long-term debt can be found in the notes of the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

- ◆ The unemployment rate for Sevier County is 4.5 percent, which is an increase from a rate of 4.3 percent a year ago. This is slightly higher than the state's average unemployment rate of 4.4 percent and lower than the national average rate of 4.8 percent.
- ◆ The value of new residential construction decreased by approximately 14 percent. Non-residential construction increased by approximately 101 percent indicating an acceleration in our economic activity.

All of these factors were considered in preparing Sevier County's budget for the 2002 year.

### **Requests for Information**

This financial report is designed to provide a general overview of Sevier County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sevier County Clerk/Auditor, 250 North Main, Richfield, Utah, 84701.

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# **BASIC FINANCIAL STATEMENTS**

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**SEVIER COUNTY  
STATEMENT OF NET ASSETS**

December 31, 2001

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Cash and Cash Equivalents	14,265,450	867,776	15,133,226	488,706
Investments - Restricted:				
Postclosure Trust Fund	-	78,069	78,069	-
Accounts Receivable (Net)	475,986	-	475,986	112,652
Due From Other Government Units	560,924	-	560,924	-
Capital Assets (Net of Accumulated Depreciation):				
Land	1,524,130	-	1,524,130	-
Buildings	9,634,408	259,653	9,894,061	-
Improvements Other Than Buildings	820,056	333,896	1,153,952	-
Equipment	1,649,768	388,408	2,038,176	-
Construction In Progress	4,158,864	-	4,158,864	-
Infrastructure	24,029,082	-	24,029,082	-
<b>TOTAL ASSETS</b>	<b>57,118,668</b>	<b>1,927,802</b>	<b>59,046,470</b>	<b>601,358</b>
<b>LIABILITIES</b>				
Accounts Payable	355,452	-	355,452	185,176
Accrued Liabilities	93,501	16,000	109,501	-
Bond Interest Payable	134,905	19,600	154,505	-
Revenue Bonds Payable - Due Within One Year	408,433	52,000	460,433	-
Revenue Bonds Payable - More Than One Year	6,056,467	1,117,000	7,173,467	-
G. O. Bonds Payable - Due Within One Year	256,000	-	256,000	-
G. O. Bonds Payable - More Than One Year	7,744,000	-	7,744,000	-
Compensated Absences	59,140	-	59,140	-
<b>TOTAL LIABILITIES</b>	<b>15,107,898</b>	<b>1,204,600</b>	<b>16,312,498</b>	<b>185,176</b>
<b>NET ASSETS</b>				
Investment in Capital Assets, Net of Debt	27,216,503	(187,043)	27,029,460	-
Restricted For:				
Class "B" Road	1,574,489	-	1,574,489	-
Landfill Postclosure Costs	-	78,069	78,069	-
Drug Enforcement	763,423	-	763,423	-
Scholarships	1,585	-	1,585	-
Construction Commitments	6,222,876	-	6,222,876	102,252
Unrestricted	6,231,894	832,176	7,064,070	313,930
<b>TOTAL NET ASSETS</b>	<b>42,010,770</b>	<b>723,202</b>	<b>42,733,972</b>	<b>416,182</b>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2001

Function/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Governmental Activities	Primary Government Business-Type Activities	Component Units
<b>Governmental Activities:</b>							
General Government	2,928,593	630,766	-	-	(2,297,827)	-	-
Public Safety	4,208,422	2,149,220	298,707	-	(1,760,495)	-	-
Public Health	4,186,130	1,434,729	3,213,488	-	462,087	-	-
Highways and Public Improvements	1,140,639	112,147	1,077,265	-	48,773	-	-
Park and Recreation	190,433	-	-	-	(190,433)	-	-
Economic Development	832,417	-	73,050	-	(759,367)	-	-
Interest on Long-Term Debt	343,998	-	-	-	(343,998)	-	-
<b>Total Governmental Activities</b>	<b>13,830,632</b>	<b>4,326,862</b>	<b>4,662,510</b>	<b>-</b>	<b>(4,841,260)</b>	<b>-</b>	<b>-</b>
<b>Business-Type Activities:</b>							
Landfill	614,507	589,407	-	-	-	(25,100)	-
<b>Total Primary Government</b>	<b>14,445,139</b>	<b>4,916,269</b>	<b>4,662,510</b>	<b>-</b>	<b>(4,841,260)</b>	<b>(25,100)</b>	<b>-</b>
<b>Component Units:</b>							
Road District	3,327,622	352,310	2,272,959	-	-	-	(702,353)
Economic Development District	24,916	156	59,479	-	-	-	34,719
<b>Total Component Units</b>	<b>3,352,538</b>	<b>352,466</b>	<b>2,332,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(667,634)</b>
<b>General Revenues:</b>							
Property Taxes					2,859,722		
Fee-In-Lieu of Property Taxes					258,181		
Sales Taxes					1,218,161		
Grants and Contributions Not Restricted to Specific Programs					770,751		
Unrestricted Investment Earnings					635,332		38,951
Transfers					(25,000)	25,000	-
<b>Total General Revenues and Transfers</b>					<b>5,717,147</b>	<b>25,000</b>	<b>38,951</b>
<b>Change in Net Assets</b>					<b>875,887</b>	<b>(100)</b>	<b>(628,683)</b>
<b>Net Assets - Beginning</b>					<b>41,134,883</b>	<b>723,302</b>	<b>1,044,865</b>
<b>Net Assets - Ending</b>					<b>42,010,770</b>	<b>723,202</b>	<b>416,182</b>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY  
BALANCE SHEET - GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2001

	General Fund	Public Health	Class B Roads	Capital Project	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	3,834,167	236,389	1,257,294	6,222,875	2,714,726	14,265,451
Accounts Receivable (Net)	-	-	18,400	-	457,586	475,986
Due From Other Government Units	-	262,129	298,795	-	-	560,924
<b>TOTAL ASSETS</b>	<u>3,834,167</u>	<u>498,518</u>	<u>1,574,489</u>	<u>6,222,875</u>	<u>3,172,312</u>	<u>15,302,361</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	355,298	-	-	-	154	355,452
Accrued Liabilities	78,652	14,816	-	-	33	93,501
<b>Total Liabilities</b>	<u>433,950</u>	<u>14,816</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>448,953</u>
<b>Fund Balances:</b>						
Reserved For:						
Class "B" Road	-	-	1,574,489	-	-	1,574,489
Drug Enforcement	763,423	-	-	-	-	763,423
Scholarships	1,585	-	-	-	-	1,585
Construction Commitments	-	-	-	6,222,875	-	6,222,875
Unreserved, Reported In:						
General Fund	2,635,209	-	-	-	-	2,635,209
Special Revenue Funds	-	483,702	-	-	3,165,787	3,649,489
Debt Service Fund	-	-	-	-	6,338	6,338
<b>Total Fund Balance</b>	<u>3,400,217</u>	<u>483,702</u>	<u>1,574,489</u>	<u>6,222,875</u>	<u>3,172,125</u>	<u>14,853,408</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>3,834,167</u>	<u>498,518</u>	<u>1,574,489</u>	<u>6,222,875</u>	<u>3,172,312</u>	<u>15,302,361</u>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

December 31, 2001

Total Fund Balances - Governmental Fund Types	14,853,408
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,816,308
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(14,658,946)</u>
Net Assets of Government Activities	<u><u>42,010,770</u></u>

**SEVIER COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2001

	General Fund	Public Health	Class B Roads	Capital Project	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property Tax	2,762,384	-	-	-	97,338	2,859,722
Fee-In-Lieu of Property Tax	258,181	-	-	-	-	258,181
Sales Tax	878,729	-	-	-	339,432	1,218,161
Licenses and Permits	195,472	-	-	-	-	195,472
Intergovernmental	953,993	3,194,983	1,077,265	-	215,229	5,441,470
Charges for Services	1,454,981	513,840	-	-	1,012,217	2,981,038
Fines and Forfeitures	503,188	-	-	-	5,365	508,553
Interest	280,211	11,770	52,055	178,853	112,443	635,332
Miscellaneous	243,623	4,137	103,940	14,592	277,686	643,978
<b>Total Revenues</b>	<u>7,530,762</u>	<u>3,724,730</u>	<u>1,233,260</u>	<u>193,445</u>	<u>2,059,710</u>	<u>14,741,907</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	2,847,424	-	-	-	25,041	2,872,465
Public Safety	3,599,563	-	-	-	274,724	3,874,287
Public Health	177,225	3,685,033	-	-	417,097	4,279,355
Highways and Public Improvements	34,406	-	1,107,000	-	-	1,141,406
Parks and Recreation	189,011	-	-	-	-	189,011
Economic Development	98,693	-	-	-	733,724	832,417
Debt Service:						
Principal	14,000	-	-	-	383,970	397,970
Interest	-	-	-	-	328,893	328,893
Capital Outlay	-	-	-	4,158,864	-	4,158,864
<b>Total Expenditures</b>	<u>6,960,322</u>	<u>3,685,033</u>	<u>1,107,000</u>	<u>4,158,864</u>	<u>2,163,449</u>	<u>18,074,668</u>
Exc. Revenue Over (Under) Expenditures	<u>570,440</u>	<u>39,697</u>	<u>126,260</u>	<u>(3,965,419)</u>	<u>(103,739)</u>	<u>(3,332,761)</u>
<b>Other Financing Sources (Uses):</b>						
Sale of General Obligation Bonds	-	-	-	8,000,000	-	8,000,000
Transfers In	-	-	-	-	654,043	654,043
Transfers Out	<u>(589,000)</u>	-	-	-	<u>(90,043)</u>	<u>(679,043)</u>
<b>Total Other Financing</b>	<u>(589,000)</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>	<u>564,000</u>	<u>7,975,000</u>
<b>Net Change In Fund Balance</b>	<u>(18,560)</u>	<u>39,697</u>	<u>126,260</u>	<u>4,034,581</u>	<u>460,261</u>	<u>4,642,239</u>
<b>Fund Balance - Beginning</b>	<u>3,418,777</u>	<u>444,005</u>	<u>1,448,229</u>	<u>2,188,294</u>	<u>2,711,864</u>	<u>10,211,169</u>
<b>Fund Balance - Ending</b>	<u>3,400,217</u>	<u>483,702</u>	<u>1,574,489</u>	<u>6,222,875</u>	<u>3,172,125</u>	<u>14,853,408</u>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Year Ended December 31, 2001**

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	4,642,239
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,857,993
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets.	(10,386)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,602,030)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(11,929)</u>
Changes In Net Assets of Governmental Activities	<u><u>875,887</u></u>

**SEVIER COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND**

**December 31, 2001**

	Business-Type Activity <u>Enterprise Fund</u>
	Landfill
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	867,776
Noncurrent Assets:	
Investments - Restricted:	
Landfill Postclosure	78,069
Capital Assets: (Net of Accumulated Depreciation)	
Buildings	259,653
Improvements Other Than Buildings	333,896
Equipment	388,408
Total Noncurrent Assets	1,060,026
<b>TOTAL ASSETS</b>	<b>1,927,802</b>
 <b>LIABILITIES:</b>	
Current Liabilities:	
Accrued Liabilities - Postclosure	16,000
Bond Interest Payable	19,600
Bonds Payable - Current Portion	52,000
Total Current Liabilities	87,600
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	1,117,000
<b>TOTAL LIABILITIES</b>	<b>1,204,600</b>
 <b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	(187,043)
Restricted for Landfill Postclosure	78,069
Unrestricted	832,176
<b>TOTAL NET ASSETS</b>	<b>723,202</b>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

December 31, 2001

	Business-Type Activity <u>Enterprise Fund</u>
	Landfill
<b>Operating Revenues:</b>	
Charges for Sales and Services:	
Landfill Fees	549,383
<b>Operating Expenses:</b>	
Costs of Sales and Services	360,346
Depreciation	205,862
Total Operating Expenses	566,208
Operating Income	(16,825)
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	40,024
Loss on Disposition of Fixed Assets	(18,613)
Interest Expense	(29,686)
Total Nonoperating Revenues (Expenses)	(8,275)
Income Before Transfers	(25,100)
<b>Transfers In</b>	25,000
Change in Net Assets	(100)
Total Net Assets - Beginning	723,302
Total Net Assets - Ending	723,202

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

December 31, 2001

	<u>Business-Type Activity Enterprise Fund</u>
	<u>Landfill</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts From Customers	549,383
Payments to Suppliers	(248,822)
Payments to Employees	(115,064)
	<u>185,497</u>
Net Cash Provided by Operating Activities	
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfer From Other Funds	25,000
	<u>25,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Principal Paid on Capital Debt	(51,000)
Interest Paid on Capital Debt	(30,419)
	<u>(81,419)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	
<b>Cash Flows from Investing Activities:</b>	
Interest Received	40,024
Purchase of Investments	(4,947)
	<u>35,077</u>
Net Cash Provided (Used) by Investing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	164,155
Cash and Cash Equivalents - Beginning	<u>703,621</u>
Cash and Cash Equivalents - Ending	<u><u>867,776</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>	
Operating Income	(16,825)
Adjustments to Reconcile Operating Income to Net Cash Provided	
Provided (Used) By Operating Activities:	
Depreciation	205,862
Increase (Decrease) in Accounts Payable	(9,540)
Increase (Decrease) in Accrued Liabilities	6,000
	<u>202,322</u>
Total Adjustments	
Net Cash Provided (Used) by Operating Activities	<u><u>185,497</u></u>

The notes to the financial statements are an integral part of this statement.

**SEVIER COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND**

December 31, 2001

**ASSETS:**

Cash and Investments	651,019
Taxes Receivable	<u>73,478</u>
<b>TOTAL ASSETS</b>	<b><u><u>724,497</u></u></b>

**LIABILITIES:**

Collections Payable	41,987
Due to Taxing Units	<u>682,510</u>
<b>TOTAL LIABILITIES</b>	<b><u><u>724,497</u></u></b>

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of Sevier County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and account groups and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2001.

**A. Reporting Entity**

For financial reporting purposes, Sevier County has included all funds and account groups. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these basic financial statements present Sevier County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, that issued separate financial statements, can be obtained from the Sevier County Auditor's office.

**Blended Component Unit:**

On March 5, 1992, the County established by resolution a building authority for the purpose of, but not limited to, acquiring, leasing, constructing, furnishing, maintaining or operating a jail building and related facilities, and to acquire or lease land required for or related to these purposes. The governing board of the Building Authority is the County Commission. The Building Authority is accounted for in a special revenue fund.

**Discrete Component Units:**

These component units are entities which are legally separate from the County, but are financially accountable to the County or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the district. Each of these districts was organized under the State of Utah's Statute for special service districts, Section 17A-2-1300. The component units column of the combined financial statements include the financial data of the following entities:

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2001**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- \* Sevier County Special Service District #1 (Governmental Fund Type) - This special service district was organized under the State of Utah's Statute for Special Service Districts, by the adoption of a resolution to establish a special service district by the Sevier County Commissioners on February 20, 1989 for the purpose of improving the County road system in Sevier County. The special service district's administrative Control Board consists of three (3) members, each of whom was appointed by the Board of Commissioners. The Board of Commissioners appointed the initial one member to serve a two year term and the remaining two members to serve four year terms. The board members, at their initial meeting, elected a chairperson and a secretary to serve such terms as the board shall determine. A copy of the annual report can be obtained at the Sevier County Auditor's office, Richfield, Utah.
  
- \* Sevier County Special Service District #2 (Governmental Fund Type) - This District was created by the adoption of a resolution to establish a special service district by the Sevier County Commissioners on February 15, 1991, for the purpose of promoting economic development. The Special Service District's Administrative Control Board consists of three (3) members, each of whom was appointed by the Board of Commissioners. The Board of Commissioners appointed the initial one member to serve a two year term and the remaining two members to serve four year terms. The Board members, at their initial meeting, elected a chairperson and a secretary to serve such terms as the board shall determine. A copy of the annual report can be obtained at the Sevier County Auditor's office in Richfield, Utah.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Sevier County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Public Health Fund administers the public health programs in the six county area. Their revenues and expenditures are restricted to those purposes.

The B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Government also reports the following Other Governmental Funds:

Ambulance, Food Tax, E-911, Special Events, Narcotics Task Force, Building Authority and Transient Room Tax. These funds account for revenue sources that are restricted to expenditures for specific purposes.

The Government reports the following Proprietary Funds:

The Landfill Fund accounts for the activities of the County Landfill operation. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Landfill are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally the Government reports the following fund type:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as of December 31 to the taxing entities within the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

**Compensated Absences:**

**Public Health:**

It is the Public Health's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements.

**Other County Employees:**

As of December 31, 1991, the County personnel policy was changed and states that accrued vacation cannot be carried over to the next year and sick pay is forfeited upon the termination of an employee.

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**E. Reconciliation of Government-Wide and Fund Financial Statements:**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:**

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The detail of this \$14,658,946 difference are as follows:

Bonds Payable	14,464,900
Bond Interest Payable	134,906
Compensated Absences	<u>59,140</u>
Net Adjustments To Reduce Fund Balance - Total Governmental Funds To Arrive At Net Assets - Governmental Activities	<u><u>14,658,946</u></u>

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2001**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**  
**Explanation of Differences Between Governmental Fund Statement of Revenues,  
Expenditures and Changes in Fund Balances and Government-Wide Statement of Activities:**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the governmental-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$3,857,993 difference are as follows:

Capital Outlay	4,734,494
Depreciation Expense	<u>(876,501)</u>
 Net Adjustment To Increase Net Changes In Fund Balances - Total Governmental Funds To Arrive At Changes In Net Assets Of Governmental Activities	   <u><u>3,857,993</u></u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net assets." The details of this \$10,386 difference are as follows:

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	<u>(10,386)</u>
 Net Adjustment To Increase Net Changes In Fund Balances - Total Governmental Funds To Arrive At Changes In Net Assets Of Governmental Activities	   <u><u>(10,386)</u></u>

Another element of that reconciliation states that: "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The details of the \$7,602,030 are as follows:

Bond Proceeds	8,000,000
Payment on Long-Term Debt	<u>(397,970)</u>
 Net Adjustment	  <u><u>7,602,030</u></u>

Another element of that reconciliation states that: "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the \$11,929 difference are as follows:

Accrued Interest	(15,105)
Compensated Absences	<u>3,176</u>
 Net Adjustment To Decrease Net Changes In Fund Balances - Total Governmental Funds To Arrive At Changes in Net Assets of Governmental Activities	   <u><u>(11,929)</u></u>

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2001**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**G. Budgets and Budgetary Accounting:**

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction. The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the County Commission in the month of November, the County Auditor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the County Commission makes final adjustments to the tentative budget.
4. On or before December 15, the County Commission adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The County Commission may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the County Commission.
8. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Counties require Counties to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

**H. Property Tax Calendar:**

- |             |  |
|-------------|--|
| January 1   | Lien Date - All property appraised based upon situs and status as of this date (real and personal).  |
| March 1     | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice.   |
| June 22     | All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor.   |
| July 22     | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| September 1 | State Tax Commission approves tax rates.   |
| November 1  | County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.   |
| November 1  | County auditor to charge the county treasurer to account for all taxes levied.   |
| November 1  | County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.  |
| November 30 | Taxes on real property become delinquent.  |

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The County maintains a cash and investment pool that is available for use by all funds, except the deferred compensation trust fund. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

**Deposits:**

At year-end the carrying amount of the County's deposits was \$236,389 and the bank balance was \$281,437. Of the bank balance, \$200,000 was covered by federal depository insurance. State statutes do not require collateral to be pledged for deposits. Cash on hand was \$400. At December 31, 2001, the carrying amounts of the component units deposits were \$36,002, and the bank balances were \$36,002. Of the bank balances \$36,002 was covered by Federal Depository Insurance.

**Investments:**

Statutes authorize the County to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standards & Poor's Corporation or P-1 by Moody's Commercial Paper Record, Bankers' acceptances, repurchase agreements and the state treasurer's investment pool. The County is also authorized to enter into reverse repurchase agreements. The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County's name.

Investments for the Primary Government at December 31, 2001, are as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Investments:				
Landfill Trust Account	-	-	78,069	78,069
Repurchase Agreements	-	-	24,302	24,302
	<u>-</u>	<u>-</u>	<u>102,371</u>	
Other Items:				
State Treasurer's Investment Pool				<u>15,523,154</u>
Total Investments				<u>15,625,525</u>

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments for the component units at December 31, 2001, are as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Investments:				
Repurchase Agreements	-	-	452,656	452,656
Other Items:				
State Treasurer's Investment Pool				48
Total Investments				452,704

The Utah Public Treasurer's Investment Fund is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

**NOTE 3 - TAXES RECEIVABLE - AGENCY FUND**

Sevier County assesses and collects taxes for the taxing units of the County. The County then remits such monies to the taxing units according to the tax rates set by each taxing unit. The amount of \$73,478 represents monies collected subsequent to year end and apportioned with the year 2001 tax collections.

**NOTE 4 - DUE FROM OTHER GOVERNMENT UNITS**

**Public Health:**

Accounts receivable in the Public Health Special Revenue fund represents payments due on contracts with the State of Utah in the amount of \$262,129.

**Class B Road:**

The receivable for Class B Roads includes the 4th quarter allocation from the State of Utah in the amount of \$235,316. In addition, forest reserve monies are due in the amount of \$63,479.

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2001, was as follows:

**Primary Government:**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being				
Depreciated:				
Land	1,524,130	-	-	1,524,130
Infrastructure	24,029,082	-	-	24,029,082
Construction In Progress	-	4,158,864	-	4,158,864
				<u>4,158,864</u>
Total Capital Assets Not Being Depreciated	<u>25,553,212</u>	<u>4,158,864</u>	<u>-</u>	<u>29,712,076</u>
Capital Assets Being				
Depreciated:				
Buildings	11,490,896	-	-	11,490,896
Imprv. Other Than Bldgs	1,003,817	-	-	1,003,817
Equipment	4,638,635	575,632	631,626	4,582,641
				<u>4,582,641</u>
Total Capital Assets Being Depreciated	<u>17,133,348</u>	<u>575,632</u>	<u>631,626</u>	<u>17,077,354</u>
Less Accumulated				
Depreciation For:				
Buildings	1,600,584	255,051	(853)	1,856,488
Improvements Other Than Buildings	152,605	29,679	(1,477)	183,761
Equipment	2,964,672	591,771	623,570	2,932,873
				<u>2,932,873</u>
Total Accumulated Depreciation	<u>4,717,861</u>	<u>876,501</u>	<u>621,240</u>	<u>4,973,122</u>
Total Capital Assets Being Depreciated (Net)	<u>12,415,487</u>	<u>(300,869)</u>	<u>10,386</u>	<u>12,104,232</u>
Governmental Activities Capital Assets, Net	<u><u>37,968,699</u></u>	<u><u>3,857,995</u></u>	<u><u>10,386</u></u>	<u><u>41,816,308</u></u>

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business Type Activities:</b>				
Capital Assets Being Depreciated:				
Buildings	297,822	-	-	297,822
Improvements Other Than Buildings	494,912	-	-	494,912
Equipment	1,608,310	-	86,079	1,522,231
Total Capital Assets Being Depreciated	2,401,044	-	86,079	2,314,965
Less Accumulated Depreciation For:				
Buildings	32,829	5,866	526	38,169
Improvements Other Than Buildings	136,203	24,746	(67)	161,016
Equipment	1,025,580	175,250	67,007	1,133,823
Total Accumulated Depreciation	1,194,612	205,862	67,466	1,333,008
Total Capital Assets Being Depreciated (Net)	1,206,432	(205,862)	18,613	981,957
Business Type Activities Capital Assets, Net	1,206,432	(205,862)	18,613	981,957

Depreciation expense was charged to functions of the Primary Government as follows:

	Governmental Activities	Business Type Activities	Total
General Government	88,168	-	88,168
Public Safety	468,515	-	468,515
Public Health	82,936	205,862	288,798
Highways and Public Improvements	227,960	-	227,960
Parks and Recreation	8,922	-	8,922
Total Depreciation Expense	876,501	205,862	1,082,363

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 6 - LONG-TERM DEBT  
Bonds Payable:**

**Governmental Activities:**

**Sevier County Public Health Services Revenue Bonds, Series 1991:**

During 1991 Sevier County issued 357,500 of Public Health revenue bonds, which were purchased by the State of Utah Community Impact Board, for the purpose of constructing a facility for the Central Utah Public Health Department. The bonds require annual payments of \$14,000 to \$15,000 per year with no interest. The bonds are payable from rents from the Central Utah Public Health Department and not from charges against the County's general credit or taxing powers.

The following is summary of Debt Service charges to maturity:

	Principal
2002	14,000
2003	14,000
2004	14,000
2005	14,000
2006	14,000
2007 - 2011	70,000
2012 - 2016	70,000
2017 - 2020	7,000
Total	217,000

**Building Authority - Parity Lease Revenue Bonds, series 1994B:**

On May 31, 1994, the Sevier County Municipal Building Authority issued \$2,130,000 of Parity Lease Revenue Bonds, Series 1994B, to the State of Utah Permanent Community Impact Board. The bonds carry an interest rate of 3%.

The following is summary of Debt Service charges to maturity:

	Principal	Interest	Total
February 1 of			
2002	107,000	-	107,000
2003	106,000	-	106,000
2004	106,000	-	106,000
2005	106,000	-	106,000
2006	106,000	-	106,000
2007 - 2011	495,000	110,700	605,700
2012 - 2016	555,000	69,120	624,120
2017 - 2020	121,000	3,630	124,630
Total	1,702,000	183,450	1,885,450

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Building Authority - Lease Revenue Bonds:**

During 1994 the Sevier County Municipal Building Authority issued Lease Revenue Bonds, Series 1994C, in the amount of \$1,700,000 to Zion's First National Bank. The bonds carry an interest rate of 3% and the yearly payments will be funded from lease revenues obtained by the Building Authority.

The principal and interest amounts mature according the following schedule:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 15 of			
2002	200,000	18,540	218,540
2003	206,000	12,540	218,540
2004	212,000	6,360	218,360
	<u>618,000</u>	<u>37,440</u>	<u>655,440</u>
Total			

**Building Authority - USDA Rural Development Revenue Bonds:**

The Sevier County Building Authority obtained permanent long-term financing of \$4,400,000 from the Farmers Home Administration and retired the revenue anticipation note issued by Zion's First National Bank. The financing was approved and the interest rate is 5.25%. The amortization schedule requires monthly payments of \$24,297 including interest.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	87,433	204,131	291,564
2003	92,136	199,428	291,564
2004	97,091	194,473	291,564
2005	102,313	189,251	291,564
2006	107,815	183,749	291,564
2007 - 2011	632,547	825,273	1,457,820
2012 - 2016	821,953	638,868	1,460,821
2017 - 2021	1,068,072	389,749	1,457,821
2022 - 2025	918,540	88,700	1,007,240
	<u>3,927,900</u>	<u>2,913,622</u>	<u>6,841,522</u>
Total			

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Special Events Center - General Obligation Bonds:**

On November 7, 2000, a special bond election was approved for the issuance of \$8,000,000 principal amount of general obligation bonds for the purpose of, among other things, paying all or part of Sevier County's share of the costs of acquiring, constructing, improving, extending, equipping and furnishing an educational and multipurpose facility to be located on the campus of Snow College South in Richfield, Utah, such facility to be owned by Snow College and jointly used by Sevier County, Snow College South and the Board of Education of Sevier School District and for the purpose of refunding bonds authorized hereunder at or prior to the maturity thereof.

The following is a summary of debt service charges to maturity:

<b>Issue 2001A:</b>	<u>Principal</u>	<u>(Various Rates)</u> Interest	<u>Total</u>
2002	115,000	187,255	302,255
2003	120,000	182,555	302,555
2004	130,000	177,556	307,556
2005	135,000	172,255	307,255
2006	145,000	166,656	311,656
2007 - 2011	850,000	724,934	1,574,934
2012 - 2016	1,100,000	493,845	1,593,845
2017 - 2021	<u>1,405,000</u>	<u>185,753</u>	<u>1,590,753</u>
Total	<u>4,000,000</u>	<u>2,290,809</u>	<u>6,290,809</u>
<b>Issue 2001B:</b>	<u>Principal</u>	<u>3.50% Interest</u>	<u>Total</u>
2002	141,000	140,000	281,000
2003	147,000	135,065	282,065
2004	151,000	129,920	280,920
2005	157,000	124,635	281,635
2006	162,000	118,965	280,965
2007 - 2011	903,000	502,145	1,405,145
2012 - 2016	1,069,000	327,180	1,396,180
2017 - 2021	<u>1,270,000</u>	<u>119,420</u>	<u>1,389,420</u>
Total	<u>4,000,000</u>	<u>1,597,330</u>	<u>5,597,330</u>

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

<b>Total:</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	256,000	327,255	583,255
2003	267,000	317,620	584,620
2004	281,000	307,476	588,476
2005	292,000	296,890	588,890
2006	307,000	285,621	592,621
2007 - 2011	1,753,000	1,227,079	2,980,079
2012 - 2016	2,169,000	821,025	2,990,025
2017 - 2021	<u>2,675,000</u>	<u>305,173</u>	<u>2,980,173</u>
Total	<u>8,000,000</u>	<u>3,888,139</u>	<u>11,888,139</u>

The following is a five year summary of debt service charges for governmental activities to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	664,433	549,926	1,214,359
2003	685,136	529,588	1,214,724
2004	710,091	508,309	1,218,400
2005	514,313	486,141	1,000,454
2006	534,815	469,370	1,004,185
2007 - 2011	2,950,547	2,163,052	5,113,599
2012 - 2016	3,615,953	1,529,013	5,144,966
2017 - 2021	3,871,072	698,552	4,569,624
2022 - 2025	<u>918,540</u>	<u>88,700</u>	<u>1,007,240</u>
Total	<u>14,464,900</u>	<u>7,022,651</u>	<u>21,487,551</u>

**Business Type Activities:**

**Landfill Revenue Bonds:**

On May 5, 1994, Sevier County issued \$1,500,000 of Revenue Bonds for the purpose of providing funds to finance the cost of construction of County Landfill improvements, including access roads and site development. The terms of the loan include interest at a rate of 2.5%.

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2001**

**NOTE 6 - LONG-TERM DEBT (CONTINUED):**

A five year summary of debt service charges to maturity is as follows:

May 1 of	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	52,000	29,225	81,225
2003	53,000	27,925	80,925
2004	55,000	26,600	81,600
2005	56,000	25,225	81,225
2006	58,000	23,825	81,825
2007 - 2011	311,000	96,700	407,700
2012 - 2016	351,000	55,900	406,900
2017 - 2020	<u>233,000</u>	<u>11,725</u>	<u>244,725</u>
Total	<u>1,169,000</u>	<u>297,125</u>	<u>1,466,125</u>

**Other Issues:**

**Closure and Postclosure Care Cost - Municipal Solid Waste Landfill:**

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an expenditure in the Landfill Special Revenue Fund each period based on landfill capacity used as of each balance sheet date. The \$16,000 reported as landfill closure and postclosure care liability at December 31, 2001, represents the cumulative amount reported to date based on the use of 15% of the estimated capacity of the land fill. The County will recognize the remaining estimated cost of closure and postclosure care of \$84,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2001. The County expects to close the landfill in the year 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2001, investments of \$78,069 are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

**Compensated Absences:**

As of December 31, 1991, the County personnel policy was changed and states that accrued vacation cannot be carried over to the next year and sick pay is forfeited upon the termination of an employee. Therefore, no liability to the County exists for 2001. However, the compensated absences in the Public Health Department was \$59,140.

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is a schedule of changes in long-term debt as of December 31, 2001:

	Date of Issue	Interest Rate	Total Issued	Outstanding December 31, 2000	Current Year Changes		Outstanding December 31, 2001
					Additions	Retirements	
<b>Governmental Activities:</b>							
<b>Building Authority:</b>							
Public Safety Building:							
	1994	3%	2,130,000	1,809,000	-	107,000	1,702,000
	1994	3%	1,700,000	812,000	-	194,000	618,000
	1995	5.25%	4,400,000	4,010,870	-	82,970	3,927,900
Special Events Center:							
	2001	5.25%	4,000,000	-	4,000,000	-	4,000,000
	2001	3.50%	4,000,000	-	4,000,000	-	4,000,000
	1991	0%	357,500	231,000	-	14,000	217,000
	-	-	-	62,316	-	3,176	59,140
			<u>16,587,500</u>	<u>6,925,186</u>	<u>8,000,000</u>	<u>401,146</u>	<u>14,524,040</u>
<b>Total Governmental Activities</b>							
<b>Business Type Activities:</b>							
	1994	2.5%	1,500,000	1,220,000	-	51,000	1,169,000
			<u>1,500,000</u>	<u>1,220,000</u>	<u>-</u>	<u>51,000</u>	<u>1,169,000</u>
			<u>18,087,500</u>	<u>8,145,186</u>	<u>8,000,000</u>	<u>452,146</u>	<u>15,693,040</u>

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

For The Year Ended December 31, 2001

**NOTE 7 - SPECIAL REVENUE FUNDS**

**Public Health Fund:**

This Special Revenue Fund administers the public health programs in the Six County area.

The following is a statement of changes in the Public Health fund:

Revenue:	
Federal Revenues	732,788
State Contracts	652,418
Other State Revenues	52,306
County Participation	219,282
School Contracts	68,214
Fees	513,840
WIC Food Vouchers	1,314,668
Childhood Immunization Vaccines	155,307
Interest	11,770
Other Revenues	<u>4,137</u>
Total Revenue	<u>3,724,730</u>
Expenditures:	
Salaries and Wages	1,108,112
Fringe Benefits	555,744
Travel	110,612
Office Expense	112,433
Other Expense	269,981
Capital Outlay	58,176
WIC Food Vouchers	1,314,668
Childhood Immunization Vaccines	<u>155,307</u>
Total Expenditures	<u>3,685,033</u>
Excess of Revenues Over (Under) Expenditures	39,697
Fund Balance - Beginning of Year	<u>444,005</u>
Fund Balance - End of Year	<u><u>483,702</u></u>

**Transient Room Tax Fund:**

This Special Revenue Fund of the County accounts for the receipts and disbursements of Transient Room Tax. This tax money is designated to be spent to promote tourism within the County. The tax money is derived from a 3% tax on transient room rentals in the County.

The following is a statement of changes in the Transient Room Tax fund:

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**For The Year Ended December 31, 2001**

**NOTE 7 - SPECIAL REVENUE FUNDS (CONTINUED)**

Revenue:	
Transient Room Tax	177,730
Interest Revenue	11,887
Sundry Revenue	<u>4,141</u>
Total Revenue	<u>193,758</u>
Expenditures:	
Advertising and Promotion	<u>642,646</u>
Excess of Revenues Over (Under) Expenditures	(448,888)
Other Financing Sources (Uses):	
Transfer to Special Events Fund	(50,043)
Fund Balance - Beginning of Year	<u>529,376</u>
Fund Balance - End of Year	<u><u>30,445</u></u>

**Building Authority:**

The following is a statement of changes in the Building Authority:

Revenue:	
Lease Revenue	237,155
Interest Revenue	32,879
Sundry	<u>22,165</u>
Total Revenue	<u>292,199</u>
Expenditures:	
General Government	25,041
Debt Service:	
Principal	383,970
Interest	<u>233,154</u>
Total Expenditures	<u>642,165</u>
Excess of Revenues Over (Under) Expenditures	(349,966)
Other Financing Sources (Uses):	
Transfer from General Fund	<u>589,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	239,034
Fund Balance - Beginning of Year	<u>695,417</u>
Fund Balance - End of Year	<u><u>934,451</u></u>

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 8 - CLASS "B" ROAD - RESERVED FUND BALANCE**

The following is a statement of changes in Class "B" Roads - Reserved Fund Balance:

Balance - Beginning of Year		1,448,229
Revenues:		
State Allotments	961,731	
Forest Reserve	63,479	
State Grants	18,790	
Interest	52,054	
Other Revenue	<u>137,206</u>	
Total Revenues		1,233,260
Expenditures		<u>(1,107,000)</u>
Balance - End of Year		<u><u>1,574,489</u></u>

**NOTE 9 - CAPITAL PROJECTS FUND**

The following is a statement of changes in the Capital Projects Fund:

Revenue:		
Interest Revenue	178,853	
Other Revenue	<u>14,593</u>	
Total Revenue	<u>193,446</u>	
Expenditures:		
Capital Outlay	<u>4,158,864</u>	
Excess of Revenues Over (Under) Expenditures	(3,965,418)	
Other Financing Sources (Uses):		
Bond Proceeds	<u>8,000,000</u>	
Excess of Revenues and other Sources Over (Under) Expenditures and Other Uses	4,034,582	
Balance - Beginning of Year		<u>2,188,294</u>
Balance - End of Year		<u><u>6,222,876</u></u>

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**For The Year Ended December 31, 2001**

**NOTE 10 - ENTERPRISE FUNDS**

**Landfill:**

The following is a statement of changes in the Landfill:

Revenue:	
Charges for Services	549,383
Interest	<u>40,024</u>
Total Revenue	<u>589,407</u>
Expenditures:	
Salaries and Wages	115,064
Benefits	60,442
Supplies and Maintenance	107,339
Professional and Technical	1,226
Insurance	3,668
Telephone	977
Postclosure Costs	6,000
Capital Outlay:	
Equipment	64,880
Improvements	750
Debt Service:	
Principal	51,000
Interest	<u>30,419</u>
Total Expenditures	<u>441,765</u>
Excess of Revenues Over (Under) Expenditures	147,642
Other Financing Sources (Uses):	
Transfer In	25,000
Fund Balance - Beginning of Year	<u>757,203</u>
Fund Balance - End of Year	<u><u>929,845</u></u>
Reconciliation to Total Net Assets - Ending:	
Fund Balance - End of Year	929,845
Capital Assets (Net of Accumulated Depreciation)	981,957
Less: Long-Term Debt	(1,169,000)
Accrued Bond Interest Payable	<u>(19,600)</u>
Total Net Assets Per Statement of Net Assets	<u><u>723,202</u></u>

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2001**

**NOTE 11 - FUND BALANCE**

\$765,008 of the fund balance, in the General Fund, was reserved for specific expenditures. This left \$2,635,209 as the unreserved fund balance for December 31, 2001.

**NOTE 12 - TRANSFERS**

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	-	589,000
Recreation	-	40,000
Building Authority	589,000	-
Special Events	65,043	-
Narcotics Task Force	17,280	-
Task Force	-	17,280
Transient Room Tax	-	50,043
Landfill	<u>25,000</u>	<u>-</u>
	<u>696,323</u>	<u>696,323</u>

Transfers were made for the following purposes:

- \* The General Fund transferred \$589,000 to the Building Authority for debt service payments.
- \* The Recreation Facility Tax Fund transferred \$15,000 to the Special Events Fund to Fund certain special events for recreation.
- \* The Recreation Facility Tax Fund transferred \$25,000 to the Landfill Fund to offset costs of increased usage at the landfill from recreational activities.
- \* The Narcotics Task Force Fund transferred \$17,280 to the Narcotics Operating fund to cover expenses in that fund.
- \* The Transient Room Tax Fund transferred \$50,043 to Special Events Fund for County activities.

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2001**

**NOTE 13 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled locations, and crime. The Mutual is reinsured through commercial companies in excess of \$150,000 for property to a limit of \$50,000,000 and \$250,000 for liability to a limit of \$750,000 with a combined excess aggregate of \$1,000,000 to 1,350,000. The Mutual does not provide coverage for all risks and hazards, however, the County has obtained coverage for these risks through other commercial carriers for employee accidental death and dismemberment, workers compensation, and surety bond coverage.

Claims have not exceeded coverage in any of the last three calendar years.

**NOTE 14 - PENSION PLAN**

**Local Governmental - Cost Sharing**

**Plan Description:**

Sevier County contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**SEVIER COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 14 - PENSION PLAN (CONTINUED)**

**Funding Policy:**

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the system to which they belong; 6.00% to the Contributory Retirement System. Sevier County is required to contribute a percent of covered salary to the respective systems, 4.19% to the Contributory, 8.20% to the Noncontributory and 14.08% to the Public Safety Other Division A Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Sevier County contributions to the various systems for the years ending December 31, 2001, 2000 and 1999 respectively were; for the Contributory System, \$5,458.44, \$4,465.40 and \$4,626.89; for the Noncontributory System, \$136,000.72, \$127,356.50 and \$137,499.76; and for the Public Safety Other Division A Noncontributory, \$205,112.19, \$189,464.95 and \$181,651.64 respectively. The contributions were equal to the required contributions for each year.

**NOTE 15 - COMMITMENTS**

Sevier County Special Service District #1 (A Component Unit of Sevier County) has active construction projects at year end to which funds have been committed.

At December 31, 2001, the District has committed funds for the following projects:

Project	Amount
Road Construction Project	55,000
Crushing Project	47,252
Total Commitments	102,252

**NOTE 17 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS**

Sevier County has two component units; both are governmental fund types and are described below:

**Governmental Fund Types:**

Sevier County Special Service District #1 - The purpose of the District is the improve the County road system in Sevier County.

Sevier County Special Service District #2 - The purpose of the District is to promote economic development in the County.

**SEVIER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2001

**NOTE 17 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS**  
 Condensed information for the Governmental Fund Types for the year ended December 31, 2001,  
 is as follows:

	Sevier County Special Service <u>District #1</u>	Sevier County Special Service <u>District #2</u>	<u>Total</u>
<b>Condensed Statement of Net Assets:</b>			
Current Assets	<u>565,356</u>	<u>36,002</u>	<u>601,358</u>
Current Liabilities	185,176	-	185,176
Net Assets	<u>380,180</u>	<u>36,002</u>	<u>416,182</u>
Total Liabilities and Net Assets	<u>565,356</u>	<u>36,002</u>	<u>601,358</u>
<b>Condensed Statement of Revenues, Expenditures and Changes in Net Assets:</b>			
Revenues	2,663,565	60,289	2,723,854
Current Expenditures	(30,056)	(24,916)	(54,972)
Capital Outlay	<u>(3,297,566)</u>	-	<u>(3,297,566)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>(664,057)</u>	<u>35,373</u>	<u>(628,684)</u>

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**SEVIER COUNTY  
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM**

**For The Year Ended December 31, 2001**

Percentage of Lane-Miles in Good or Better Condition in 2001:

	<u>Percentage</u>
Paved	63
Gravel	61
Dirt	60
Overall System	61
Bridges	62

Percentage of Lane-Miles in Substandard Condition in 2001:

	<u>Percentage</u>
Paved	14
Gravel	9
Dirt	11
Overall System	10
Bridges	11

Comparison of Needed-to-Actual Maintenance/Preservation in 2001 - Roads and Bridges:

	<u>2000</u>	<u>2001</u>
Estimated	2,135,000	2,050,000
Actual	2,081,375	2,000,000

The condition of road pavement is measured using the American... (AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 60 percent of its road system at a good or better condition level. No more than 15 percent should be in substandard condition. Condition assessments are determined every year.

This schedule only presents the information for the last two years. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for 5 years. However, the County implemented these new standards in 2000, and did not collect this information for the prior years. The County will continue to collect and retain this information so that over a period of five years it will be able to report the required information.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

**SEVIER COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For The Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Budgetary Fund Balance, January 1	<u>3,418,778</u>	<u>3,418,778</u>	<u>3,418,778</u>	-
<b>Resources (Inflows):</b>				
<b>Taxes:</b>				
General Property Taxes	1,750,000	2,570,500	2,214,954	(355,546)
Delinquent Prior Years Taxes	90,000	90,000	96,877	6,877
Assessing and Collecting Taxes	735,000	735,000	450,553	(284,447)
Fee-In-Lieu	325,000	325,000	258,181	(66,819)
General Sales and Use Taxes	<u>800,000</u>	<u>800,000</u>	<u>878,729</u>	<u>78,729</u>
<b>Total Taxes</b>	<u>3,700,000</u>	<u>4,520,500</u>	<u>3,899,294</u>	<u>(621,206)</u>
<b>Licenses and Permits:</b>				
Business Licenses and Permits	4,500	4,500	6,548	2,048
Non-Business Licenses and Permits	<u>227,000</u>	<u>227,000</u>	<u>188,924</u>	<u>(38,076)</u>
<b>Total Licenses and Permits</b>	<u>231,500</u>	<u>231,500</u>	<u>195,472</u>	<u>(36,028)</u>
<b>Intergovernmental Revenue:</b>				
Federal Payments in Lieu of Taxes	525,000	525,000	772,163	247,163
Economic Development	58,440	58,440	73,050	14,610
State Grants	51,346	51,346	71,812	20,466
Emergency Services	12,868	12,868	4,756	(8,112)
State Liquor Allotment	65,000	65,000	24,005	(40,995)
Forest Reserve	<u>33,000</u>	<u>33,000</u>	<u>8,207</u>	<u>(24,793)</u>
<b>Total Intergovernmental Revenue</b>	<u>745,654</u>	<u>745,654</u>	<u>953,993</u>	<u>208,339</u>
<b>Charges for Services:</b>				
Recorder's Fees	120,000	120,000	118,519	(1,481)
Clerk's Fees	3,000	3,000	3,237	237
Bailiff Fees	20,000	20,000	7,982	(12,018)
Sheriff Contracts	65,000	65,000	145,404	80,404
Jail Services	1,200,000	1,200,000	1,143,888	(56,112)
Inspection Fees	10,000	10,000	18,549	8,549
Other	<u>18,500</u>	<u>8,500</u>	<u>17,402</u>	<u>8,902</u>
<b>Total Charges for Services</b>	<u>1,436,500</u>	<u>1,426,500</u>	<u>1,454,981</u>	<u>28,481</u>

**SEVIER COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Year Ended December 31, 2001**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Resources (Inflows) Continued:</b>				
<b>Fines and Forfeitures:</b>				
Justice Court Fines	400,000	400,000	496,630	96,630
Drug Enforcement Forfeitures	-	-	6,558	6,558
<b>Total Fines and Forfeitures</b>	<b>400,000</b>	<b>400,000</b>	<b>503,188</b>	<b>103,188</b>
<b>Miscellaneous Revenue:</b>				
Rents and Concessions	45,000	45,000	35,594	(9,406)
Sale of Materials and Supplies	10,000	10,000	119	(9,881)
Sundry Revenues	30,000	30,000	207,910	177,910
Interest	400,000	400,000	280,211	(119,789)
<b>Total Miscellaneous Revenue</b>	<b>485,000</b>	<b>485,000</b>	<b>523,834</b>	<b>38,834</b>
<b>Amounts Available for Appropriation</b>	<b>10,417,432</b>	<b>11,227,932</b>	<b>10,949,540</b>	<b>(278,392)</b>
<b>Charges to Appropriations (Outflows):</b>				
<b>General Government:</b>				
Commission	152,824	152,824	147,878	4,946
District Court	20,000	22,000	21,708	292
Justice Court	145,005	151,005	147,961	3,044
Public Defender	90,000	90,000	70,805	19,195
Microfilming	15,000	15,000	10,620	4,380
Clerk-Auditor	201,135	201,135	188,943	12,192
Treasurer	150,284	150,284	141,625	8,659
Recorder	238,500	238,500	210,761	27,739
Attorney	275,057	275,057	248,199	26,858
Assessor	292,635	292,635	264,792	27,843
Surveyor	13,000	13,000	596	12,404
Data Processing	80,551	80,551	73,016	7,535
GIS	58,250	58,250	12,767	45,483
Non-Departmental	323,017	1,117,517	983,072	134,445
Courthouse and Grounds	149,490	149,490	104,115	45,375
Elections	41,500	41,500	3,427	38,073
Building Inspection	144,798	144,798	137,296	7,502
Extension Service	81,020	81,020	77,892	3,128
Employee Benefits	10,000	10,000	1,951	8,049
<b>Total General Government</b>	<b>2,482,066</b>	<b>3,284,566</b>	<b>2,847,424</b>	<b>437,142</b>

**SEVIER COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Year Ended December 31, 2001**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Charges to Appropriations (Outflows) Continued:				
Public Safety:				
Sheriff	1,610,387	1,610,387	1,466,492	143,895
County Jail	1,681,472	1,691,472	1,662,381	29,091
Communications	51,576	51,576	50,082	1,494
Alcoholic Rehabilitation	288,421	288,421	284,273	4,148
Fire Contracts	200,500	200,500	123,572	76,928
Emergency Services	<u>23,872</u>	<u>23,872</u>	<u>12,763</u>	<u>11,109</u>
Total Public Safety	<u>3,856,228</u>	<u>3,866,228</u>	<u>3,599,563</u>	<u>266,665</u>
Health and Public Welfare:				
Health Services	152,148	152,148	139,383	12,765
Mosquito Control	49,605	57,105	50,867	6,238
Public Welfare	<u>3,000</u>	<u>3,000</u>	<u>975</u>	<u>2,025</u>
Total Health and Public Welfare	<u>204,753</u>	<u>212,253</u>	<u>191,225</u>	<u>21,028</u>
Highway and Public Improvements:				
County Roads	37,500	37,500	10,346	27,154
Weed Control	<u>30,870</u>	<u>30,870</u>	<u>24,060</u>	<u>6,810</u>
Total Highways and Public Improvements	<u>68,370</u>	<u>68,370</u>	<u>34,406</u>	<u>33,964</u>
Parks, Recreation and Public Property:				
Library - Bookmobile	45,785	46,285	46,111	174
Fairgrounds	109,672	109,672	91,777	17,895
Recreation and Television	<u>52,356</u>	<u>52,356</u>	<u>51,123</u>	<u>1,233</u>
Total Parks, Recreation and Public Property	<u>207,813</u>	<u>208,313</u>	<u>189,011</u>	<u>19,302</u>

**SEVIER COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Year Ended December 31, 2001**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows) Continued:				
Conservation and Economic Development:				
Economic Development	<u>101,998</u>	<u>101,998</u>	<u>98,694</u>	<u>3,304</u>
Nondepartmental:				
Transfer to Capital Improvement Fund	<u>589,000</u>	<u>589,000</u>	<u>589,000</u>	<u>-</u>
Total Charges to Appropriations	<u>7,510,228</u>	<u>8,330,728</u>	<u>7,549,323</u>	<u>781,405</u>
Budgetary Fund Balance - December 31	<u>2,907,204</u>	<u>2,897,204</u>	<u>3,400,217</u>	<u>503,013</u>

**SEVIER COUNTY  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC HEALTH**

**For The Year Ended December 31, 2001**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note A)	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Budgetary Fund Balance, January 1	<u>444,005</u>	<u>444,005</u>	<u>444,005</u>	-
Resources (Inflows):				
Intergovernmental	1,744,150	1,887,440	3,194,984	1,307,544
Charges for Services	438,541	436,554	513,840	77,286
Miscellaneous	-	-	15,907	15,907
Amounts Available for Appropriation	<u>2,626,696</u>	<u>2,767,999</u>	<u>4,168,736</u>	<u>1,400,737</u>
Charges to Appropriations (Outflows):				
Public Health	2,177,691	2,255,994	3,626,857	(1,370,863)
Capital Outlay	<u>5,000</u>	<u>68,000</u>	<u>58,177</u>	<u>9,823</u>
Total Charges to Appropriations	<u>2,182,691</u>	<u>2,323,994</u>	<u>3,685,034</u>	<u>(1,361,040)</u>
Budgetary Fund Balance - December 31	<u><u>444,005</u></u>	<u><u>444,005</u></u>	<u><u>483,702</u></u>	<u><u>39,697</u></u>

**SEVIER COUNTY  
BUDGETARY COMPARISON SCHEDULE  
CLASS B ROAD**

**For The Year Ended December 31, 2001**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	<u>1,448,229</u>	<u>1,448,229</u>	<u>1,448,229</u>	<u>-</u>
Resources (Inflows):				
Intergovernmental	1,062,300	1,062,300	1,077,265	14,965
Miscellaneous	<u>-</u>	<u>-</u>	<u>155,995</u>	<u>155,995</u>
Amounts Available for Appropriation	<u>2,510,529</u>	<u>2,510,529</u>	<u>2,681,489</u>	<u>170,960</u>
Charges to Appropriations (Outflows):				
County Roads	<u>1,273,257</u>	<u>1,973,257</u>	<u>1,107,000</u>	<u>866,257</u>
Total Charges to Appropriations	<u>1,273,257</u>	<u>1,973,257</u>	<u>1,107,000</u>	<u>866,257</u>
Budgetary Fund Balance - December 31	<u><u>1,237,272</u></u>	<u><u>537,272</u></u>	<u><u>1,574,489</u></u>	<u><u>1,037,217</u></u>

**SEVIER COUNTY  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS**

**For The Year Ended December 31, 2001**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, January 1	<u>2,188,294</u>	<u>2,188,294</u>	<u>2,188,294</u>	-
Resources (Inflows):				
Interest Revenue	-	-	178,853	178,853
Bond Proceeds	-	8,000,000	8,000,000	-
Miscellaneous	-	-	<u>14,592</u>	<u>14,592</u>
Amounts Available for Appropriation	<u>2,188,294</u>	<u>10,188,294</u>	<u>10,381,739</u>	<u>193,445</u>
Charges to Appropriations (Outflows):				
Capital Outlay	<u>500,000</u>	<u>8,500,000</u>	<u>4,158,864</u>	<u>4,341,136</u>
Total Charges to Appropriations	<u>500,000</u>	<u>8,500,000</u>	<u>4,158,864</u>	<u>4,341,136</u>
Budgetary Fund Balance - December 31	<u><u>1,688,294</u></u>	<u><u>1,688,294</u></u>	<u><u>6,222,875</u></u>	<u><u>4,534,581</u></u>

**SEVIER COUNTY**  
**NOTE A**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET-TO-GAAP RECONCILIATION**

For The Year Ended December 31, 2001

	General Fund	Public Health	Class B Road	Capital Projects
	10,949,540	4,168,735	2,681,489	10,381,740
	(3,418,778)	(444,005)	(1,448,229)	(2,188,295)
	7,530,762	3,724,730	1,233,260	193,445
	7,549,322	3,685,033	1,107,000	4,158,864
	(589,000)	-	-	-
	6,960,322	3,685,033	1,107,000	4,158,864

**Sources/Inflows and Resources:**

Actual amounts (budgetary basis) \*available for appropriation\* from the budgetary comparison schedules.

**Differences - Budget to GAAP:**

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.

Bond proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes but are other financing sources.

Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.

**Uses/Outflows of Resources:**

Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.

**Differences - Budget to GAAP:**

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds

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**COMBINING FINANCIAL  
STATEMENTS AND SCHEDULES**

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**SEVIER COUNTY  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND**

**For The Year Ended December 31, 2001**

	<u>Balance December 31, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2001</u>
<u>PROPERTY TAX FUND</u>				
ASSETS				
Cash	676,153	11,590,076	11,615,210	651,019
Taxes Receivable	<u>100,999</u>	<u>73,478</u>	<u>100,999</u>	<u>73,478</u>
<b>TOTAL ASSETS</b>	<u><u>777,152</u></u>	<u><u>11,663,554</u></u>	<u><u>11,716,209</u></u>	<u><u>724,497</u></u>
LIABILITIES				
Due to Taxing Units	722,782	9,930,370	9,970,642	682,510
Collections Payable	<u>54,370</u>	<u>1,632,584</u>	<u>1,644,967</u>	<u>41,987</u>
<b>TOTAL LIABILITIES</b>	<u><u>777,152</u></u>	<u><u>11,562,954</u></u>	<u><u>11,615,609</u></u>	<u><u>724,497</u></u>

**SEVIER COUNTY  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**For The Year Ended December 31, 2001**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Ambulance Fund:**

This fund is used to account for ambulance fees collected for services rendered. These fees are restricted to be used for the cost of providing these ambulance services.

**Recreational Facility Tax Fund:**

This fund is used to account for taxes collected for the purpose of funding recreational activities in the County.

**Narcotics Task Force Fund:**

This fund is used to account for the activities of the narcotics task force in the County. These funds are restricted for providing law enforcement activities regarding illegal drug use in the County.

**E-911 Fund:**

This fund is used to account for monies collected on telephone bills for providing 911 emergency services in the County.

**Special Events Fund:**

This fund accounts for the special events held in the County. Monies collected are used to pay the costs of providing these activities.

**Building Authority Fund:**

This fund is used to construct public facilities in the County and to pay the indebtedness related to the cost of those facilities.

**Transient Room Tax Fund:**

This fund is used to account for room taxes collected within the County to fund the economic development activities of the County.

**SEVIER COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2001

	<u>Ambulance</u>	<u>Recreational Facility Tax</u>	<u>Narcotics Task Force</u>	<u>E-911</u>	<u>Building Authority</u>	<u>Transient Room Tax</u>	<u>Debt Service</u>	<u>Nonmajor Government Funds</u>
<b>ASSETS</b>								
Investments - Unrestricted	902,053	573,181	125,562	142,696	934,451	30,445	6,338	2,714,726
Accounts Receivable	<u>457,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,586</u>
<b>TOTAL ASSETS</b>	<u>1,359,639</u>	<u>573,181</u>	<u>125,562</u>	<u>142,696</u>	<u>934,451</u>	<u>30,445</u>	<u>6,338</u>	<u>3,172,312</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts Payable	-	-	154	-	-	-	-	154
Accrued Liabilities	<u>-</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>
<b>Total Liabilities</b>	<u>-</u>	<u>33</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187</u>
Fund Balances:								
Unreserved, Reported in:								
Debt Service Fund	-	-	-	-	-	-	6,338	6,338
Special Revenue Funds	<u>1,359,639</u>	<u>573,148</u>	<u>125,408</u>	<u>142,696</u>	<u>934,451</u>	<u>30,445</u>	<u>-</u>	<u>3,165,787</u>
<b>Total Fund Balances</b>	<u>1,359,639</u>	<u>573,148</u>	<u>125,408</u>	<u>142,696</u>	<u>934,451</u>	<u>30,445</u>	<u>6,338</u>	<u>3,172,125</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>1,359,639</u>	<u>573,181</u>	<u>125,562</u>	<u>142,696</u>	<u>934,451</u>	<u>30,445</u>	<u>6,338</u>	<u>3,172,312</u>

**SEVIER COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2001

	Ambulance	Recreational Facility Tax	Narcotics Task Force	E-911	Special Events	Building Authority	Transient Room Tax	Debt Service	Total Nonmajor Gov't Funds
Revenues:									
Taxes	-	161,702	-	-	-	-	177,730	97,338	436,770
Intergovernmental	18,505	-	196,724	-	-	-	-	-	215,229
Charges for Services	905,979	-	-	106,238	-	-	-	-	1,012,217
Interest	36,060	21,701	-	5,177	-	32,879	11,887	4,739	112,443
Fines and Forfeitures	-	-	5,365	-	-	-	-	-	5,365
Lease Revenue	-	-	-	-	-	237,155	-	-	237,155
Miscellaneous	10,773	930	105	-	2,417	22,165	4,141	-	40,531
Total Revenues	971,317	184,333	202,194	111,415	2,417	292,199	193,758	102,077	2,059,710
Expenditures:									
Current:									
General Government	-	-	-	-	-	25,041	-	-	25,041
Public Safety	-	-	204,895	69,829	-	-	-	-	274,724
Public Health	417,097	-	-	-	-	-	642,646	-	417,097
Economic Development	-	20,000	-	-	71,078	-	-	-	733,724
Debt Service:									
Principal	-	-	-	-	-	383,970	-	-	383,970
Interest	-	-	-	-	-	233,154	-	95,739	328,893
Total Expenditures	417,097	20,000	204,895	69,829	71,078	642,165	642,646	95,739	2,163,449
Excess of Revenues Over (Under) Expenditures	554,220	164,333	(2,701)	41,586	(68,661)	(349,966)	(448,888)	6,338	(103,739)
Other Financing Sources (Uses):									
Transfer In (Out)	-	(40,000)	-	-	65,043	589,000	(50,043)	-	564,000
Net Change in Fund Balance	554,220	124,333	(2,701)	41,586	(3,618)	239,034	(498,931)	6,338	460,261
Fund Balances - Beginning	805,419	448,815	128,109	101,110	3,618	695,417	529,376	-	2,711,864
Fund Balances - Ending	1,359,639	573,148	125,408	142,696	-	934,451	30,445	6,338	3,172,125

**SEVIER COUNTY  
TREASURER'S TAX COLLECTION AGENCY FUND  
BALANCE SHEET**

**December 31, 2001**

**ASSETS:**

Cash Invested	650,619
Cash on Hand	400
Taxes Receivable	<u>73,478</u>
<b>TOTAL ASSETS</b>	<u><u>724,497</u></u>

**LIABILITIES:**

Collections Payable	41,987
Due to Taxing Units	<u>682,510</u>
<b>TOTAL LIABILITIES</b>	<u><u>724,497</u></u>

**SEVIER COUNTY  
COUNTY TREASURER  
CURRENT YEAR TAXABLE VALUES**

December 31, 2001

TAXING UNITS	Real Property Values	Centrally Assessed Values	Total Assessed RDA Value	Total Real and Centrally Assessed Values	Total Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
<b>County Funds:</b>										
General	446,482,144	182,252,127	12,121,212	616,613,059	.003791	2,337,580	30,390,887	.002627	79,837	2,417,417
State Assessing/Collecting	446,482,144	182,252,127	12,121,212	616,613,059	.000190	117,156	30,390,887	.000205	6,230	123,387
Local Assessing/Collecting	446,482,144	182,252,127	12,121,212	616,613,059	.000210	129,489	30,390,887	.000215	6,534	136,023
						<u>2,584,225</u>			<u>92,601</u>	<u>2,676,826</u>
<b>Total County Funds</b>	<b>446,482,144</b>	<b>182,252,127</b>	<b>12,121,212</b>	<b>616,613,059</b>	<b>.007312</b>	<b>4,508,675</b>	<b>30,390,887</b>	<b>.007331</b>	<b>222,796</b>	<b>4,731,470</b>
<b>Sevier School District</b>										
<b>Cities and Towns:</b>										
Annabella	12,970,736	543,821	-	13,514,557	.001094	14,785	231,100	.001138	263	15,048
Aurora	18,179,379	1,953,622	-	20,133,001	.001643	33,079	250,590	.001688	423	33,502
Elsinore	13,056,746	807,881	-	13,864,627	.002047	28,381	296,471	.002153	638	29,019
Glenwood	8,861,222	410,100	-	9,271,322	.000870	8,066	102,475	.000939	96	8,162
Joseph	5,495,805	393,317	-	5,889,122	.000739	4,352	95,664	.000821	79	4,431
Koosharem	6,078,397	362,886	-	6,441,283	.000673	4,335	200,847	.000663	133	4,468
Monroe	39,593,744	2,914,319	-	42,508,063	.001567	66,610	1,077,366	.001637	1,764	68,374
Redmond	11,880,971	755,575	-	12,636,546	.001650	20,850	352,921	.001660	586	21,436
Richfield	164,669,132	13,534,732	12,121,212	166,082,652	.002522	418,860	13,197,692	.002551	33,667	452,528
Sallina	51,710,298	4,132,310	-	55,842,608	.002444	136,479	4,819,764	.002461	11,861	148,341
Sigurd	6,425,779	5,451,438	-	11,877,217	.001175	13,956	531,401	.001175	624	14,580
						<u>749,753</u>			<u>50,135</u>	<u>799,888</u>
<b>Total Cities and Towns</b>										
<b>Special Taxing Units:</b>										
Richfield Redevelopment Landfill						-			-	170,000
Drainage District #1						-			-	69,912
Drainage District #4						-			-	11,220
						-			-	1,126
						-			-	252,258
<b>Total Special Taxing Units</b>										
<b>GRAND TOTALS</b>						<u>7,842,653</u>			<u>365,531</u>	<u>8,460,443</u>

**SEVIER COUNTY  
COUNTY TREASURER  
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED  
CURRENT AND PRIOR YEARS**

December 31, 2001

TAXING UNITS	Current Years Taxes			
	Taxes Charged	Treasurer's Relief		
		Unpaid Taxes	Abatements	Other
County General Fund	2,417,417	116,879	26,660	(23,312)
Assessing & Collecting - State	123,387	5,858	1,336	1,289
Assessing & Collecting - County	136,023	6,474	1,477	1,073
Sevier School District	4,731,470	225,431	51,420	32,640
Cities and Towns:				
Annabella	15,048	1,193	264	29
Aurora	33,502	1,237	802	53
Elsinore	29,019	4,319	533	90
Glenwood	8,162	384	179	22
Joseph	4,431	508	72	18
Koosharem	4,468	239	33	7
Monroe	68,374	4,335	1,442	229
Redmond	21,436	1,981	370	56
Richfield	452,528	19,955	6,942	5,388
Salina	148,341	10,165	2,083	1,303
Sigurd	14,580	721	118	223
Total Towns	799,889	45,037	12,838	7,418
Other Districts:				
Richfield Redevelopment	170,000	-	-	-
Landfill	69,912	-	-	-
Drainage District #1	11,220	-	-	-
Drainage District #4	1,126	-	-	-
Total Other Districts	252,258	-	-	-
<b>GRAND TOTALS</b>	<b>8,460,444</b>	<b>399,679</b>	<b>93,731</b>	<b>19,108</b>

<u>Current Years Taxes</u>			<u>Other Collections</u>			
<u>Total Treasurer's Relief</u>	<u>Taxes Collected</u>	<u>Rate</u>	<u>Fee In Lieu</u>	<u>Miscellaneous Collections</u>	<u>Delinquencies</u>	
					<u>Tax</u>	<u>Interest/ Penalty</u>
<u>120,227</u>	<u>2,297,190</u>	<u>95.03%</u>	<u>444,170</u>	<u>20,551</u>	<u>65,530</u>	<u>25,254</u>
<u>8,483</u>	<u>114,904</u>	<u>93.12%</u>	<u>22,266</u>	<u>2,573</u>	<u>5,336</u>	<u>284</u>
<u>9,024</u>	<u>126,999</u>	<u>93.37%</u>	<u>24,607</u>	<u>2,596</u>	<u>5,299</u>	<u>264</u>
<u>309,491</u>	<u>4,421,979</u>	<u>93.46%</u>	<u>856,804</u>	<u>60,662</u>	<u>176,889</u>	<u>8,632</u>
1,486	13,562	90.12%	4,599	230	1,015	43
2,092	31,410	93.76%	11,900	548	1,753	63
4,942	24,077	82.97%	6,860	418	3,836	212
585	7,577	92.83%	2,924	135	161	5
598	3,833	86.50%	1,517	60	531	22
279	4,189	93.76%	1,650	71	148	8
6,006	62,368	91.22%	19,197	1,000	2,991	150
2,407	19,029	88.77%	7,543	322	1,422	80
32,285	420,243	92.87%	90,165	6,709	22,346	1,092
13,551	134,790	90.86%	56,277	2,416	6,391	333
1,062	13,518	92.72%	2,697	231	626	30
<u>65,293</u>	<u>734,596</u>	<u>91.84%</u>	<u>205,329</u>	<u>12,140</u>	<u>41,220</u>	<u>2,038</u>
-	170,000	100.00%	-	-	-	-
-	69,912	100.00%	-	-	-	-
-	11,220	100.00%	-	-	-	-
-	1,126	100.00%	-	-	-	-
-	<u>252,258</u>	<u>100.00%</u>	-	-	-	-
<u>512,518</u>	<u>7,947,926</u>	<u>93.94%</u>	<u>1,553,176</u>	<u>98,522</u>	<u>294,274</u>	<u>36,472</u>

**SEVIER COUNTY  
TAX COLLECTION AGENCY FUND  
CASH RECEIPTS AND DISBURSEMENTS**

**For The Year Ended December 31, 2001**

	Treasurer's Balance December 31, 2000	Tax Collection Receipts	Current Taxes Apportioned
<b>Tax Collection Accounts:</b>			
Current Years Taxes	-	7,947,925	(7,947,925)
Fee-in-Lieu/Age Based	-	1,553,176	-
Redemption of Prior Years Taxes	-	330,746	-
Miscellaneous Collections	-	110,591	-
Taxes Held for Refund	2,409	1,419,200	-
Cash On Hand	400	-	-
Forest Reserve	-	171,397	-
Interest Collections	51,561	29,919	-
	<u>54,370</u>	<u>11,562,954</u>	<u>(7,947,925)</u>
<b>Total Collections</b>	<u>54,370</u>	<u>11,562,954</u>	<u>(7,947,925)</u>
<b>Taxing Units:</b>			
County General Fund	231,008	-	2,297,190
Assessing and Collecting - State	17,611	-	114,904
Assessing and Collecting - County	18,933	-	126,999
Sevier School District	537,137	-	4,421,979
Central Utah Water Conservancy	188	-	-
<b>Cities and Towns:</b>			
Annabella	2,622	-	13,562
Aurora	5,715	-	31,410
Elsinore	5,717	-	24,077
Glenwood	2,410	-	7,576
Joseph	1,168	-	3,832
Koosharem	1,516	-	4,190
Monroe	12,303	-	62,368
Redmond	5,477	-	19,028
Richfield	80,665	-	420,243
Salina	34,340	-	134,790
Sigurd	3,296	-	13,519
<b>Other Districts:</b>			
Richfield Redevelopment Agency	30,228	-	170,000
Landfill	-	-	69,912
Drainage District #1	-	-	11,220
Drainage District #4	-	-	1,126
	<u>990,334</u>	<u>-</u>	<u>7,947,925</u>
<b>Total Due Taxing Units</b>	<u>990,334</u>	<u>-</u>	<u>7,947,925</u>
<b>GRAND TOTALS</b>	<u>1,044,704</u>	<u>11,562,954</u>	<u>-</u>

<u>Fee-in-Lieu Apportioned</u>	<u>Prior Years Taxes Apportioned</u>	<u>Miscellaneous Collections</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2001</u>
-	-	-	-	-	-
(1,553,176)	-	-	-	-	-
-	(330,746)	-	-	-	-
-	-	(98,523)	12,068	-	12,068
-	-	-	1,421,609	1,421,609	-
-	-	-	400	400	-
-	-	-	171,397	171,397	-
-	-	-	81,480	51,561	29,919
<u>(1,553,176)</u>	<u>(330,746)</u>	<u>(98,523)</u>	<u>1,686,954</u>	<u>1,644,967</u>	<u>41,987</u>
444,170	90,784	20,551	3,083,703	3,083,703	-
22,266	5,620	2,573	162,974	162,974	-
24,607	5,563	2,596	178,698	178,698	-
856,804	185,520	60,663	6,062,103	5,503,514	558,589
-	-	-	188	188	-
4,599	1,057	230	22,070	19,628	2,442
11,900	1,816	549	51,390	46,767	4,623
6,860	4,049	418	41,121	35,886	5,235
2,924	166	135	13,211	11,701	1,510
1,517	553	60	7,130	6,293	837
1,650	156	71	7,583	6,965	618
19,197	3,141	999	98,008	86,621	11,387
7,543	1,502	322	33,872	30,537	3,335
90,165	23,438	6,709	621,220	549,361	71,859
56,277	6,724	2,416	234,547	214,694	19,853
2,697	657	231	20,400	18,178	2,222
-	-	-	200,228	200,228	-
-	-	-	69,912	69,912	-
-	-	-	11,220	11,220	-
-	-	-	1,126	1,126	-
<u>1,553,176</u>	<u>330,746</u>	<u>98,523</u>	<u>10,920,704</u>	<u>10,238,194</u>	<u>682,510</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>12,607,658</u>	<u>11,883,161</u>	<u>724,497</u>

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## **COMPLIANCE SECTION**

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# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

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Richfield, Utah 84701

Phone 896-6488

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of County Commissioners  
Sevier County  
Richfield, Utah 84701

We have audited the basic financial statements of Sevier County as of and for the year ended December 31, 2001, and have issued our report thereon dated July 10, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Sevier County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of Sevier County in a separate letter dated July 10, 2002.

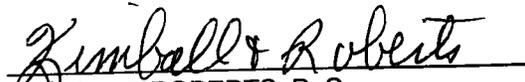
### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sevier County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The Honorable Board of County Commissioners  
Sevier County  
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However, we noted another matter involving the internal control over financial reporting that we have reported to the management of Sevier County in a separate letter dated July 10, 2002.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

July 10, 2002  
Richfield, Utah

# Kimball & Roberts

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*Richfield, Utah 84701*

*Phone 896-6488*

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of County Commissioners  
Sevier County  
Richfield, Utah 84701

### Compliance

We have audited the compliance of Sevier County with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. Sevier County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sevier County's management. Our responsibility is to express an opinion on Sevier County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Government s, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sevier County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sevier County's compliance with those requirements.

In our opinion, Sevier County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

### Internal Control Over Compliance

The management of the Sevier County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sevier County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

The Honorable Board of County Commissioners  
Sevier County  
Page -2-

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

July 10, 2002  
Richfield, Utah

**SEVIER COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended December 31, 2001**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Sevier County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Sevier County were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Sevier County expresses an unqualified opinion.
6. There were no reportable conditions relative to the major federal award programs for Sevier County.
7. The programs tested as major programs include: Department of Agriculture; WIC Program, CFDA 10.557 and Department of Justice; Byrne Formula Grant Program, CFDA 16.5798.
8. The threshold for distinguishing Type A and B programs is \$300,000 of federal awards expended.
9. Sevier County was a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**SEVIER COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDED**

**For The Year Ended December 31, 2001**

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Indirect Assistance:			
Department of Agriculture:			
Pass Thru State Department of Finance:			
Schools and Roads - Grants to States	N/A	10.665	63,479
Pass Thru State Department of Health:			
Summer Foods	99-2256-1	10.559	2,814
WIC Program - Administration	99-2256-23	10.557	384,626
WIC Program - Food Instruments (Vouchers)	99-2256-29	10.557	<u>1,314,658</u>
Total Department of Agriculture			<u>1,765,577</u>
Department of Housing and Urban Development:			
Passed Thru Six County Association of Governments:			
CDBG Grant	97-0341	14.228	<u>73,050</u>
Total Department of Housing and Urban Development			<u>73,050</u>
Department of Justice:			
Pass Thru Commission on Criminal and Juvenile Justice:			
Anti-Drug Abuse	99-DRUG-06	16.579	116,605
Anti-Drug Abuse	00-DRUG-06	16.579	<u>35,452</u>
Total Department of Justice			<u>152,057</u>
Department of Environmental Quality:			
Pass Thru State Department of Health:			
Enviromental Health	02-0548	66.605	55,595
Enviromental Health	01-0385	66.605	<u>54,470</u>
Total Department of Environmental Quality			<u>110,065</u>

(Continued)

**SEVIER COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDED**

**For The Year Ended December 31, 2001**

<u>Federal Grantor/Pass Through Grantor</u>	<u>State Pass-Thru #</u>	<u>Federal Catalogue #</u>	<u>Disbursement/ Expenditures</u>
Department of Emergency Management:			
Pass Thru State Department of Public Safety:			
Public Safety	N/A	83.516	<u>4,756</u>
Total Department of Emergency Management			<u>4,756</u>
Department of Education:			
Pass Thru State Department of Health:			
Early Intervention	99-2256-14	84.181	<u>49,852</u>
Total Department of Education			<u>49,852</u>
Department of Health and Human Services:			
Pass Thru Six County Association of Governments:			
SSBG - Title XX	N/A	93.667	10,634
Pass Thru State Department of Health:			
TB Elimination	99-2256-02	93.914	7,000
Childhood Immunization Grants	99-2256-09	93.268	17,180
Childhood Immunizations Grants - Vaccines	99-2256-09	93.268	155,307
Immunization Collaboration	99-2256-09	93.268	2,579
Perinatal Hep B	99-2256-09	93.268	2,579
Comp Tobacco Program	99-2256-29	93.283	35,857
Case Management	99-2256-22	93.778	7,089
NCH/CHEC/FACT	99-2256-21	93.778	5,299
Aging Waiver	01-0953	93.778	48,254
Olmstead Project	00-0689	93.778	3,915
Cancer Control	99-2256-07	93.919	19,513
Cancer Promotion	99-2256-07	93.991	861
LHD Preventive Health Block	99-2256-11	93.994	10,766
Cardiovascular Prevention	99-2256-11	93.994	17,789
Child, Adolescent & School Health Program	99-2256-18	93.994	709
Community Injury Prevention	99-2256-11	93.994	24,597
MCH	99-2256-39	93.994	29,059
Child Injury Prevention	99-2256-11	93.994	5,500
Community Based Services	99-2256-15	93.994	<u>47,200</u>
Total Department of Health and Human Services			<u>451,687</u>
Total Indirect Assistance			<u>2,607,044</u>
Total Assistance			<u><u>2,607,044</u></u>

**SEVIER COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDED**

**For The Year Ended December 31, 2001**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

**General:**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Sevier County. The reporting entity, Sevier County, is defined in Note 1 to Sevier County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the Schedule of Expenditures of Federal Awards.

**Basis of Accounting:**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Sevier County's basic financial statements.

**NOTE B - WIC VOUCHERS**

Nonmonetary assistance is reported in the schedule for WIC vouchers at the retail value of the vouchers used by the clients for food purchased with the vouchers at retail grocery stores. The total amount used for food during 2001 was \$1,314,658.

**NOTE C - CHILDHOOD IMMUNIZATION VACCINES**

Nonmonetary assistance for vaccines in the Childhood Immunization Program is reported in the schedule based on the dollar values of vaccines shipped from the Utah Department of Health to Central Utah Public Health during 2001. The total dollar value of vaccines used during 2001 was \$155,307.

**SEVIER COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS**

**For The Year Ended December 31, 2001**

There were no prior audit findings.

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## AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners  
Sevier County  
Richfield, Utah 84701

We have audited the basic financial statements of Sevier County for the year ended December 31, 2001, and have issued our report thereon dated July 10, 2002. As part of our audit, we have audited Sevier County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2001. The County received the following major State assistance programs from the State of Utah:

- B Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)
- Performance Grant (Department of Health)
- Cash/Fact (Development of Health)

The County also received the following nonmajor grants that are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Sevier County's financial statements.)

- State Grant (Department of Community and Economic Development)
- Bookmobile Grant (Department of Community and Economic Development)
- Rural Government GIS Grant (Department of Administrative Services)
- Out of State Waste Tires (Department of Environmental Quality)
- Shocap (Governor's Office)
- Child Adolescent School Health (Department of Health)
- Fostering Healthy Children (Department of Health)
- Covering Utah Kids (Department of Health)
- CHEC (Department of Health)
- Cancer Promotion (Department of Health)
- Healthy Utah (Department of Health)
- Case Management (Department of Health)
- Indoor Clean Air (Department of Health)
- Summer Food (Department of Health)
- Cancer Control (Department of Health)
- Early Intervention (Department of Health)
- Local Environmental Health (Department of Health)
- Tobacco Prevention (Department of Health)
- Ambulance Grant (Department of Health)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Property Tax
- Justice Courts
- Other Compliance Requirements

The management of Sevier County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Sevier County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2001.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

July 10, 2002  
Richfield, Utah

AUG 9 2 2002

**SEVIER COUNTY  
MANAGEMENT LETTER  
DECEMBER 31, 2001**

# *Kimball & Roberts*

*Certified Public Accountants*

*A Professional Corporation*

*Box 663*

*Richfield, Utah 84701*

*Phone 896-6488*

July 10, 2002

The Honorable Board of County Commissioners  
Sevier County  
Richfield, Utah 84701

During our audit of the funds of Sevier County for the year ended December 31, 2001, we noted a few areas needing corrective action in order for the County to be in compliance with state laws and regulations. We also found a few circumstances that, if improved, would strengthen the County's accounting system and control over its assets. These items are discussed below for your consideration.

## **COMPLIANCE:**

### **Municipal Service Fund**

#### **Finding:**

During our audit of the County funds we found that the County had not created a Municipal Service Fund as required by state law for all first, second and third class Counties. Sevier County's population is greater than 18,000, so the law requires the County to have a Municipal Service Fund since it is now a third class County.

#### **Recommendation:**

We recommend that the County immediately create a Municipal Service Fund and properly adopt a budget for the 2002 calendar year. The County should research the law to determine which monies should be included in this fund.

#### **Response:**

The finding above was discussed with Sevier County Officials and they concur with the recommendation.

### **Purchasing Policies**

Utah Procurement Code (63-56-2) requires counties, municipalities and interlocal agencies created by counties and municipalities to adopt formal purchasing policies and procedures that are consistent with the appropriate sections of the code.

#### **Finding:**

During our tests of expenditures we noted that the County does not have a formal purchasing policy that contains the required provisions as noted in the Utah code.

**Recommendation:**

We recommend that the County adopt formal written purchasing policies that contain the required provisions of Utah Code 63-56-16 through 69-56-29.

**Response:**

The finding above was discussed with Sevier County Officials and they concur with the recommendation.

**INTERNAL CONTROLS:**

**Ambulance Fees**

**Finding:**

During our audit of revenue we found that a receivable for ambulance fees had not been recorded on the books.

**Recommendation:**

We recommend that the ambulance fees be recorded on the books and reconciled on a periodic basis with the JTI billing service.

**Response:**

The finding above was discussed with Sevier County Officials and they concur with the recommendation.

**Signatures on Payroll Time Sheets or Cards**

**Finding:**

In our tests of payroll we noted that employees in the Narcotics Task Force department are not always signing their time sheets or time cards.

**Recommendation:**

We recommend that the time sheets be redesigned with a line for the employee to sign and date.

**Response:**

The finding above was discussed with Sevier County Officials and they concur with the recommendation.

**WIC – Food Vouchers**

**Finding:**

During our tests of the WIC program we noted an immaterial instance of noncompliance regarding the issuance of WIC food vouchers. One client, during their six-month certification, did not provide proof of income. Food vouchers were issued during this visit to WIC and the client was told to bring the proof of income evidence in later due to the distance required to travel to bring back proof of income.

**Recommendation:**

Current regulations for WIC require that proof of income be presented before issuing food vouchers. We recommend that offices throughout the area served by Central Utah Public health be notified of this requirement and that no food vouchers be issued with proper proof of income by the client during their certification to qualify for assistance in the program.

**Response:**

The finding above was discussed with Sevier County Officials and they concur with the recommendation.

We would like to take this opportunity to thank Sevier County's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,

  
KIMBALL & ROBERTS  
Certified Public Accountants

DKK/vl